

IN THE UNITED STATES DISTRICT COURT FOR THE
EASTERN DISTRICT OF VIRGINIA

Alexandria Division

UNITED STATES OF AMERICA	)	Criminal No. 05-CR-353
)	
	)	Count 1: 18 U.S.C. §371
v.	)	[Conspiracy]
	)	Counts 2, 3 & 4: 18 U.S.C.
	)	§1343 [Wire Fraud]
AUBREY STRICKSTEIN	)	Count 5: 18 U.S.C. §1341
	)	[Mail Fraud]
Defendant	)	Count 6: 18 U.S.C. §2314
	)	[Interstate Movement Of
	)	Check Obtained By Fraud]

INDICTMENT

August 2005 Term at Alexandria

COUNT ONE

_____(Conspiracy)

THE GRAND JURY CHARGES THAT AT ALL TIMES MATERIAL:

I. INTRODUCTION

____A. The Victim Companies

____1. America Online, Inc., (hereinafter "AOL"), a wholly owned subsidiary of Time Warner, Inc., was engaged in Internet interactive services and electronic commerce. AOL was headquartered in Dulles, Virginia.

2. AutoNation, Inc., (hereinafter "AutoNation") owned and managed over 200 new and used automobile dealerships throughout the United States. AutoNation was headquartered in Fort Lauderdale, Florida.

3. Qwest Communications, Inc. (hereinafter "Qwest") was a provider of telecommunications services and equipment throughout the United States. Qwest was headquartered in Denver, Colorado.

B. The Defendant AUBREY STRICKSTEIN And Pinebrook
 Consulting

4. The defendant AUBREY STRICKSTEIN was the president of Pinebrook Consulting, Inc., (hereinafter "Pinebrook Consulting"), located in Scottsdale, Arizona. Pinebrook Consulting provided human resources consulting services to major corporations nationwide.

C. Gregory Horton and Ruben Moreno, Jr.

5. In May 1999 AutoNation hired Gregory Horton as a Director of Human Resources. Horton served at AutoNation until approximately October 2001, at which time he joined Qwest in Denver, Colorado, as Senior Vice President of Human Resources-World Wide Operations. In November 2002, Horton left Qwest and became the Executive Vice President of Human Resources at AOL in Dulles, Virginia. At AOL Horton served as the company's highest Human Resources Officer, reporting directly to AOL's Chief Operating Officer. With AutoNation, Qwest, and AOL, Horton had either the authority to approve or the ability to influence the hiring of outside consultants to perform services in the field of human resources for each of the companies.

6. From May 2000 until October 2002, Ruben Moreno, Jr., worked for AutoNation as a Director of Human Resources for Field Operations. In February 2003, based in part upon a recommendation by Horton, AOL hired Moreno as a Vice President for Human Resources.

7. With Ruben Moreno, Jr., and another partner, Gregory Horton owned and controlled (i) HRC Realty, L.L.C., which owned properties in Florida, and (ii) Advanced People Solutions, L.L.C., a staffing company located in Pinebrooke Pines, Florida.

II. THE CONSPIRACY AND ITS OBJECTS

8. Beginning sometime in 2001 and continuing until approximately September 2003, in the Eastern District of Virginia and elsewhere, the defendant

AUBREY STRICKSTEIN,

and Gregory Horton, together with Ruben Moreno, Jr., did unlawfully, and knowingly combine, conspire, confederate and agree with each other, to commit offenses against the United States, specifically:

a) *wire fraud*, that is, to devise and intend to devise a scheme and artifice to defraud and for obtaining money and property by means of false and fraudulent pretenses, representations, and promises, and for the purpose of executing such scheme and artifice to defraud, knowingly to transmit and cause to be transmitted by means of wire communications in interstate commerce certain writings, signs, signals, pictures and sounds, in violation of Title 18, United States Code, Section 1343; and

b) *mail fraud*, that is, to devise and intend to devise a scheme and artifice to defraud and for obtaining money and property by means of false and fraudulent pretenses,

representations, and promises, and for the purpose of executing such scheme and artifice to defraud, and attempting to do so, knowingly to cause to be delivered by the United States Postal Service and by an interstate commercial carrier, matter and things according to the directions thereon, in violation of Title 18, U.S.C. §1341.

III. MANNER AND MEANS OF THE CONSPIRACY AND THE SCHEME TO DEFRAUD

A. The Fraud On AutoNation

9. It was part of the conspiracy and the scheme to defraud that, beginning in approximately September 2000, Gregory Horton and Ruben Moreno, Jr., enriched themselves with AutoNation funds paid to outside consultants, ostensibly hired to perform services in the field of human resources, when in fact the services, if performed, were performed in-house by AutoNation staff.

10. It was a further part of the conspiracy and the scheme to defraud that in 2001 Horton and Moreno enlisted the defendant AUBREY STRICKSTEIN, through his company, Pinebrook Consulting, to provide outside assistance to AutoNation on human resources projects, payment for which was designed in part to enrich Horton and Moreno.

11. It was a further part of the conspiracy and the scheme to defraud that in March 2002 Horton and Moreno directed defendant STRICKSTEIN to charge AutoNation \$100,000 for a project that STRICKSTEIN had agreed to perform for only \$60,000. In accordance with the scheme, after he was paid the \$100,000 and at

Horton's direction, defendant STRICKSTEIN sent the extra \$40,000 to Horton's company, HRC Realty.

B. The Fraud On Qwest

12. It was a further part of the conspiracy and the scheme to defraud that in July 2002 Horton, while employed at Qwest, enlisted defendant STRICKSTEIN, through Pinebrook Consulting, to develop and validate an entry level selection procedure for Qwest's hourly employees. In accordance with the scheme, Horton arranged for Qwest to pay Pinebrook Consulting \$1.1 million for the project, provided that defendant STRICKSTEIN enrich Horton with a share of the proceeds.

13. In order to further conceal payments from Pinebrook Consulting to an entity linked to either Horton or Moreno, it was a part of the conspiracy and the scheme to defraud that in approximately August 2002 Horton arranged for a third party to create a Maryland company, known as S.H.M. Staffing & Consulting, L.L.C. In accordance with the scheme, Horton directed the third party to send two bogus invoices to Pinebrook Consulting in September 2002. One invoice charged Pinebrook Consulting \$200,000 for "consulting services provided with Q." The other invoice charged Pinebrook Consulting \$65,000 for "consulting services provided through AN." ("Q" referring to Qwest and "AN" referring to AutoNation.)

14. After defendant STRICKSTEIN transferred \$265,000 to S.H.M. Staffing & Consulting, it was a further part of the conspiracy and scheme to defraud that Horton directed S.H.M.

Staffing & Consulting to transfer the bulk of the funds to Horton or to companies controlled by Horton, including HRC Realty and Advanced People Solutions.

C. The Fraud On AOL

15. Beginning in January 2003, it was a further part of the conspiracy and the scheme to defraud that Horton, employed as AOL's Executive Vice President for Human Resources, arranged for Pinebrook Consulting to perform specific human resources tasks and projects for various AOL departments. Each task was described under the consulting agreement as a separate "Statement of Work."

16. In approximately March 2003, it was a further part of the conspiracy and scheme to defraud that, with a promise of more AOL assignments to come, Horton arranged with defendant STRICKSTEIN for Pinebrook Consulting to perform what was later referred to as Statement of Work #5 and to use it as a device by which Pinebrook Consulting could transfer AOL funds to Horton. In accordance with the scheme, Horton proposed, and defendant STRICKSTEIN agreed, that Pinebrook Consulting would bill AOL \$100,000 for Statement of Work #5 which was ostensibly a review and evaluation of a survey of AOL's call center employees--a survey that had already been reviewed and evaluated in house. Statement of Work #5 also called for Pinebrook Consulting to perform analyses on how the survey was administered and acted on, whether it was effective, and how it could be redesigned if necessary--none of which work, even if performed, was intended by

the parties to entail any significant time or effort on the part of Pinebrook Consulting.

17. It was a further part of the conspiracy and the scheme to defraud that, after AOL paid the \$100,000 to Pinebrook Consulting, Horton arranged for S.H.M. Staffing & Consulting to send a bogus invoice to Pinebrook Consulting for "staffing of 5 executive positions (V.P. and above)," which billed Pinebrook Consulting \$375,000, of which only the first payment of \$100,000 was currently due. In accordance with the scheme, in late April or early May 2003, defendant STRICKSTEIN sent \$100,000 to S.H.M. Staffing & Consulting. Shortly thereafter, Horton directed S.H.M. Staffing and Consulting to transfer the bulk of those funds to HRC Realty.

D. The Coverup

18. In July and August of 2003, after AOL lawyers questioned the propriety of the \$100,000 payment to Pinebrook Consulting and suspected that some or all of the \$100,000 had been transferred by Pinebrook Consulting to a third party at Horton's direction, it was a further part of the conspiracy and scheme to defraud that defendant STRICKSTEIN, when questioned, denied to AOL attorneys that any of the \$100,000 had been transferred to a third party, and insisted to AOL management that Pinebrook Consulting had earned and was in the process of earning the \$100,000 payment. In further execution of the scheme, on July 8, 2003, after AOL attorneys requested back-up documentation from Pinebrook Consulting, defendant STRICKSTEIN

sent to an AOL attorney a letter and an accompanying spreadsheet identifying Pinebrook Consulting's recent AOL income and purporting to list all of Pinebrook Consulting's out-going payments to third parties associated with AOL business. To conceal and coverup the scheme, defendant STRICKSTEIN specifically and intentionally omitted from the spreadsheet the \$100,000 payment to S.H.M. Staffing & Consulting.

IV. OVERT ACTS

19. In furtherance of the conspiracy, and to effect the aims and objectives thereof, the conspirators performed overt acts in the Eastern District of Virginia and elsewhere including, but not limited to, the following:

(a) On or about March 2003, Gregory Horton discussed with defendant AUBREY STRICKSTEIN the description and language to use in the Scope of Work Section of Statement of Work #5.

(b) On or about March 18, 2003, Gregory Horton received Pinebrook Consulting Invoice #00-240, charging AOL \$100,000, and quickly forwarded that invoice to AOL officials for payment.

c) On or about March 25, 2003, Gregory Horton placed his signature on an AOL Purchase Requisition Form, reflecting his approval to pay \$100,000 to Pinebrook Consulting for a Statement of Work, dated March 20, 2003, described as "AOL Employee Survey Process Review."

(d) On or about April 21, 2003, Gregory Horton signed, on behalf of AOL, Statement of Work #5.

(In violation of Title 18, United States Code, Section 371).

COUNT TWO
(Wire Fraud)

THE GRAND JURY FURTHER CHARGES THAT:

1. Paragraphs 1 through 7 and 9 through 18 of Count One are hereby realleged and incorporated herein.

2. On or about March 20, 2003, in the Eastern District of Virginia, the defendant,

AUBREY STRICKSTEIN,

having devised and intending to devise, with Gregory Horton, the aforesaid scheme and artifice to defraud AOL, knowingly caused to be transmitted by means of wire communications in interstate commerce certain signs, signals, and sounds for the purpose of executing such scheme and artifice to defraud, in that the defendant knowingly caused an email transmission from outside Virginia to Gregory Horton and to another AOL employee, in Dulles, Virginia, which email transmission contained drafts of the employee survey statement of work and a consulting agreement between AOL and Pinebrook Consulting.

(In violation of Title 18, United States Code, Sections 1343 and 2).

COUNT THREE
(Wire Fraud)

THE GRAND JURY FURTHER CHARGES THAT:

1. Paragraphs 1 through 7 and 9 through 18 of Count One are hereby realleged and incorporated herein.

2. On or about April 10, 2003, in the Eastern District of Virginia, the defendant,

AUBREY STRICKSTEIN,

having devised and intending to devise, with Gregory Horton, the aforesaid scheme and artifice to defraud AOL, knowingly caused to be transmitted by means of wire communications in interstate commerce certain signs, signals, and sounds for the purpose of executing such scheme and artifice to defraud, in that the defendant knowingly caused an AOL/Netscape paralegal, from outside Virginia, to send to AOL employees in Virginia, an email sent to Pinebrook Consulting which contained a revised version of "Schedule No. 5 -- Employee Survey Process," with instructions to Pinebrook Consulting to print, sign, and forward the revised Schedule No. 5 to an AOL official in Virginia.

(In violation of Title 18, United States Code, Sections 1343 and 2).

COUNT FOUR
(Wire Fraud)

THE GRAND JURY FURTHER CHARGES THAT:

1. Paragraphs 1 through 7 and 9 through 18 of Count One are hereby realleged and incorporated herein.

2. On or about July 1, 2003, in the Eastern District of Virginia, the defendant,

AUBREY STRICKSTEIN,

having devised and intending to devise, with Gregory Horton, the aforesaid scheme and artifice to defraud AOL, knowingly caused to be transmitted by means of wire communications in interstate commerce certain signs, signals, and sounds for the purpose of executing such scheme and artifice to defraud, in that the defendant, at his office in Scottsdale, Arizona, when questioned on the telephone from Virginia by counsel for AOL about Statement of Work #5, falsely and fraudulently denied that either he or Pinebrook Consulting had transferred to a third party any of the \$100,000 payment Pinebrook Consulting had received as a result of Statement of Work #5.

(In violation of Title 18, United States Code, Sections 1343 and 2).

COUNT FIVE
(Mail Fraud)

THE GRAND JURY FURTHER CHARGES THAT:

1. Paragraphs 1 through 7 and 9 through 18 of Count One are hereby realleged and incorporated herein.

2. On or about July 8, 2003, in the Eastern District of Virginia, the defendant,

AUBREY STRICKSTEIN,

having devised and intending to devise, with Gregory Horton, the aforesaid scheme and artifice to defraud AOL, for the purpose of executing the aforesaid scheme and artifice to defraud, and attempting to do so, did knowingly cause to be delivered by the United States Postal Service and an interstate commercial carrier, according to the directions thereon, an envelope addressed to an attorney in McLean, Virginia, who represented AOL, which envelope contained a letter and a spreadsheet which purported to list all of Pinebrook Consulting's out-going payments to third parties, associated with Pinebrook Consulting's AOL business, but which omitted Pinebrook Consulting's \$100,000 payment to S.H.M. Staffing & Consulting.

(In violation of Title 18, United States Code, Sections 1341 and 2).

COUNT SIX

(Interstate Movement Of Security Obtained By Fraud)

THE GRAND JURY FURTHER CHARGES THAT:

1. Paragraphs 1, 4, and 5 of Count One are hereby realleged and incorporated herein.

2. On or about April 21, 2003, in the Eastern District of Virginia, Gregory Horton, aided and abetted by the defendant,

AUBREY STRICKSTEIN,

knowingly transported and willfully caused to be transported in interstate commerce a security, namely, a check in the amount of \$100,000 made payable to Pinebrook Consulting, from Dulles, Virginia, to Scottsdale, Arizona, knowing that the check had been taken by fraud, in that Horton and defendant STRICKSTEIN knew that the \$100,000 had come from AOL under the false pretense that Pinebrook Consulting had earned and was about to earn the funds, whereas both Horton and defendant STRICKSTEIN knew that the funds had not been earned and would not be earned by anyone but would be fraudulently transferred to a third party for Horton's benefit.

(In violation of Title 18, United States Code, Section 2314 & 2).

A TRUE BILL:

F O R E M A N

Paul J. McNulty
United States Attorney

Stephen P. Learned
Assistant U. S. Attorney

Jack Hanly
Supervisory Assistant U. S. Attorney